

ANNUAL REPORT CHECKLIST

PROVIDER(S): Bay Area Senior Services, Inc.CCRC(S): The Peninsula RegentCONTACT PERSON: Gary HomanTELEPHONE NO.: (650) 425-4232EMAIL: gary@peninsularegent.comA complete annual report must consist of **3 copies** of all of the following:

- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$ 9,992
 - ☐ If applicable, late fee in the amount of: \$ _____
- ☒ Certification by the provider's **Chief Executive Officer** that:
 - ☒ The reports are correct to the best of his/her knowledge.
 - ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☒ The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.
- ☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☒ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for **each** community.
- ☐ Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

FORM 1-1
RESIDENT POPULATION

5/30/2014

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	225
[2]	Number at end of fiscal year	244
[3]	Total Lines 1 and 2	469
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	234.5
All Residents		
[6]	Number at beginning of fiscal year	225
[7]	Number at end of fiscal year	244
[8]	Total Lines 6 and 7	469
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	234.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$10,553,678
[a] Depreciation	\$561,301
[b] Debt Service (Interest Only)	\$0
[2] Subtotal (add Line 1a and 1b)	\$561,301
[3] Subtract Line 2 from Line 1 and enter result.	\$9,992,377
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$9,992,377
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$9,992

PROVIDER Bay Area Senior Services, Inc
COMMUNITY The Peninsula Regent



BUILDING SUSTAINING LEADING

BRIDGE HOUSING
CORPORATION

BRIDGE PROPERTY
MANAGEMENT COMPANY

BAY AREA SENIOR SERVICES, INC

BRIDGE ECONOMIC
DEVELOPMENT CORPORATION


April 25, 2014

Department of Social Services
Continuing Care Contracts Branch
744 P Street, M.S. 10-90
Sacramento, CA 95814

RE: 2013 Bay Area Senior Services, Inc. Reserve reports filed with The State of California DSS

To the best of my knowledge and belief, I certify the following to be correct:

1. The reports incorporated in the package are correct;
2. Each Continuing care contract form in use or offered to new residents has been approved by The State of California Department of Social Services; and
3. Bay Area Senior Services, Inc. is maintaining the required liquid reserves



Cynthia Parker
President & CEO





EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)
04/29/2014

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS		PHONE (A/C, No, Ext): 1-415-546-9300 0726293	COMPANY NAME AND ADDRESS		NAIC NO: 20427
Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., License #0726293 One Market Plaza, Spear Tower Suite 200 San Francisco, CA 94105		AMERICAN CAS CO OF READING PA			
FAX (A/C, No):	E-MAIL ADDRESS: Cameron_Burns@ajg.com		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #:					
NAMED INSURED AND ADDRESS Bay Area Senior Services, Inc. DBA: The Peninsula Regent One Baldwin Avenue San Mateo, CA 94401			LOAN NUMBER	POLICY NUMBER LHH5086694746	
ADDITIONAL NAMED INSURED(S)			EFFECTIVE DATE 05/01/13	EXPIRATION DATE 05/01/14	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTYLOCATION/DESCRIPTION
One Baldwin Avenue, San Mateo, CA 94401

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATIONPERILS INSURED ☐ BASIC ☐ BROAD ☒ SPECIAL ☐

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 75,627,185

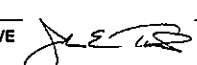
DED: 5,000

	YES	NO	N/A	
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	x			If YES, LIMIT: 8,395,971 Actual Loss Sustained; # of months:
BLANKET COVERAGE			x	If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE		x		Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?	x			
IS DOMESTIC TERRORISM EXCLUDED?			x	
LIMITED FUNGUS COVERAGE		x		If YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)	x			
REPLACEMENT COST	x			
AGREED VALUE	x			
COINSURANCE	x			If YES, 100 %
EQUIPMENT BREAKDOWN (If Applicable)	x			If YES, LIMIT: 73,947,185 DED: 5,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	x			
- Demolition Costs	x			If YES, LIMIT: 10,000,000 DED: 5,000
- Incr. Cost of Construction	x			If YES, LIMIT: Inc in above DED: 5,000
EARTH MOVEMENT (If Applicable)		x		If YES, LIMIT: DED:
FLOOD (If Applicable)		x		If YES, LIMIT: DED:
WIND / HAIL (If Subject to Different Provisions)			x	If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	x			

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE		
NAME AND ADDRESS Department of Social Services Community Care Licensing 851 Traeger Avenue, Suite 2360 San Bruno, CA 94066 USA		AUTHORIZED REPRESENTATIVE 

Terrorism excluded except for mandatory Fire Only coverage



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
04/29/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 0726293 Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., License #0726293 One Market Plaza, Spear Tower Suite 200 San Francisco, CA 94105	1-415-546-9300	CONTACT NAME: Cameron Burns PHONE (A/C, No, Ext): 415-536-4028 E-MAIL ADDRESS: Cameron_Burns@ajg.com FAX (A/C, No): 415-536-5743
INSURED Bay Area Senior Services, Inc. DBA: The Peninsula Regent One Baldwin Avenue San Mateo, CA 94401		INSURER(S) AFFORDING COVERAGE INSURER A: COLUMBIA CAS CO INSURER B: TRANSPORTATION INS CO INSURER C: INSURER D: INSURER E: INSURER F:

COVERAGES CERTIFICATE NUMBER: 39458451 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Professional Liability GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		PL05086694763	05/01/13	05/01/14	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ Included Emp. Ben. \$ 1,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		BUA5086694732	05/01/13	05/01/14	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000		UMB5086694777	05/01/13	05/01/14	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A				WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Evidence of Liability. Per contract on file with insured.

CERTIFICATE HOLDER

Department of Social Services
Community Care Licensing
851 Traeger Avenue, Suite 2360
San Bruno, CA 94066

USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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**BAY AREA SENIOR
SERVICES, INC.**

(A California Nonprofit Public Benefit Corporation)

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED DECEMBER 31, 2013 AND 2012

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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* * * *



Board of Directors
Bay Area Senior Services, Inc.
San Francisco, California

JAMES M. KRAFT
S. SCOTT SEAMANDS
MARK O. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Senior Services, Inc., a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Senior Services, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Bay Area Senior Services, Inc. is controlled by the board of directors of BRIDGE Housing Corporation, a California nonprofit public benefit corporation. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 19 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Lindquist, von Huron and Joyce LLP

May 1, 2014

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash:		
Operating cash	\$ 1,961,568	\$ 1,647,873
Designated for:		
Replacement reserves (Note 3)	1,562,327	2,062,890
Healthcare insurance reserves (Note 4)	1,688,329	1,801,346
Refundable resident fees (Note 5)	185,407	232,615
Operating reserves (Note 6)	1,381,071	1,406,304
Total cash	<u>6,778,702</u>	<u>7,151,028</u>
Receivables:		
Residents	93,704	90,160
Other	18,419	69,195
Prepaid expenses and other current assets	<u>143,074</u>	<u>186,859</u>
Total current assets	<u>7,033,899</u>	<u>7,497,242</u>
Receivables from residents – long-term (Note 14)	235,226	167,788
Property and equipment – net (Note 8)	3,877,990	3,325,550
Investment	<u>-</u>	<u>175,431</u>
Total noncurrent assets	<u>4,113,216</u>	<u>3,668,769</u>
Total assets	<u>\$ 11,147,115</u>	<u>\$ 11,166,011</u>

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 436,431	\$ 314,709
Related-party payable (Note 11)	693,340	716,418
Total current liabilities	<u>1,129,771</u>	<u>1,031,127</u>
Refundable resident fees (Note 5)	<u>188,533</u>	<u>232,615</u>
Total liabilities	<u>1,318,304</u>	<u>1,263,742</u>
Net assets:		
Unrestricted net assets	9,822,122	9,896,597
Restricted net assets	6,689	5,672
Total net assets	<u>9,828,811</u>	<u>9,902,269</u>
Total liabilities and net assets	<u>\$ 11,147,115</u>	<u>\$ 11,166,011</u>

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 10,688,839	\$ -	\$ 10,688,839
Amortization of deferred revenue – membership sales (Note 9)	-	-	-
Transfer fees (Note 10)	2,686,804	-	2,686,804
Investment and interest income	12,921	-	12,921
Contributions	-	148,716	148,716
Net assets released from restrictions	147,699	(147,699)	-
Total support and revenue	13,536,263	1,017	13,537,280
Program services:			
The Peninsula Regent project expenses	13,154,948	-	13,154,948
Exchange of note receivable (Note 7)	-	-	-
Supporting services:			
Management and general	455,790	-	455,790
Total expenses	13,610,738	-	13,610,738
Change in net assets	(74,475)	1,017	(73,458)
Net assets, beginning of year	9,896,597	5,672	9,902,269
Net assets, end of year	\$ 9,822,122	\$ 6,689	\$ 9,828,811

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2012		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 10,544,218	\$ -	\$ 10,544,218
Amortization of deferred revenue – membership sales (Note 9)	22,235,229	-	22,235,229
Transfer fees (Note 10)	1,943,563	-	1,943,563
Investment and interest income	7,113	98	7,211
Contributions	-	133,703	133,703
Net assets released from restrictions	131,750	(131,750)	-
Total support and revenue	34,861,873	2,051	34,863,924
Program services:			
The Peninsula Regent project expenses	12,255,835	-	12,255,835
Exchange of note receivable (Note 7)	25,990,406	-	25,990,406
Supporting services:			
Management and general	280,976	-	280,976
Total expenses	38,527,217	-	38,527,217
Change in net assets	(3,665,344)	2,051	(3,663,293)
Net assets, beginning of year	13,561,941	3,621	13,565,562
Net assets, end of year	\$ 9,896,597	\$ 5,672	\$ 9,902,269

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			
	<i>Program Services</i>		<i>Supporting Services</i>	
	<i>The Peninsula Regent</i>	<i>Exchange of Note Receivable</i>	<i>Management and General</i>	<i>Total</i>
Resident services	\$ 6,072,486	\$ -	\$ -	\$ 6,072,486
General and administrative	1,930,391	-	409,651	2,340,042
Taxes, utilities and insurance	842,072	-	9,926	851,998
Repairs and maintenance	1,086,918	-	-	1,086,918
Lease expense (Note 10)	2,400,855	-	-	2,400,855
Depreciation and amortization	525,088	-	36,213	561,301
Transfer to affiliate (Note 11)	297,138	-	-	297,138
Total expenses	\$ 13,154,948	\$ -	\$ 455,790	\$ 13,610,738

	2012			
	<i>Program Services</i>		<i>Supporting Services</i>	
	<i>The Peninsula Regent</i>	<i>Exchange of Note Receivable</i>	<i>Management and General</i>	<i>Total</i>
Resident services	\$ 5,875,132	\$ -	\$ -	\$ 5,875,132
General and administrative	1,827,310	-	268,420	2,095,730
Taxes, utilities and insurance	853,051	-	9,738	862,789
Repairs and maintenance	1,075,226	-	-	1,075,226
Lease expense (Note 10)	1,835,106	-	-	1,835,106
Depreciation and amortization	540,010	-	2,818	542,828
Transfer to affiliate (Note 11)	250,000	-	-	250,000
Exchange of note receivable (Note 7)	-	25,990,406	-	25,990,406
Total expenses	\$ 12,255,835	\$ 25,990,406	\$ 280,976	\$ 38,527,217

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Resident fees and services receipts	\$ 10,578,950	\$ 10,429,795
Transfer fees received	2,686,804	1,943,563
Restricted receipts	148,716	133,703
Receipts for guest rooms and meals	45,601	48,960
Investment and interest income	12,921	7,211
Total cash receipts	<u>13,472,992</u>	<u>12,563,232</u>
Resident services expenses	(6,028,701)	(5,941,269)
General and administrative expenses	(2,280,699)	(2,109,792)
Taxes, utilities and insurance expenses	(851,308)	(934,568)
Repairs and maintenance expenses	(1,087,869)	(1,400,625)
Lease expense	(2,400,855)	(1,835,106)
Transfer to affiliate	(297,138)	(250,000)
Total cash disbursements	<u>(12,946,570)</u>	<u>(12,471,360)</u>
Net cash provided by operating activities	<u>526,422</u>	<u>91,872</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,074,179)	(899,376)
Net (increase) decrease in other investments	<u>175,431</u>	<u>(51,757)</u>
Net cash used in investing activities	<u>(898,748)</u>	<u>(951,133)</u>
Net decrease in cash	(372,326)	(859,261)
Cash, beginning of year	<u>7,151,028</u>	<u>8,010,289</u>
Cash, end of year	<u><u>\$ 6,778,702</u></u>	<u><u>\$ 7,151,028</u></u>

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (73,458)	\$ (3,663,293)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	561,301	542,828
Amortization of deferred revenue	-	(22,235,229)
Exchange of note receivable	-	25,990,406
(Increase) decrease in assets:		
Accounts receivable	(20,206)	(14,382)
Prepaid expenses and other current assets	43,785	(21,634)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	82,160	(1,064,763)
Related-party payable	(23,078)	609,020
Deferred revenue	(44,082)	(51,081)
Net cash provided by operating activities	<u>\$ 526,422</u>	<u>\$ 91,872</u>
Supplementary information:		
Noncash investing and financing activities:		
Assets acquired by assuming current liabilities	<u>\$ 39,562</u>	<u>\$ 71,447</u>

The accompanying notes are an integral part of these financial statements.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bay Area Senior Services, Inc. (the Company), a California nonprofit public benefit corporation, was incorporated on July 1, 1986 to provide housing designed to meet the specialized needs of senior citizens within the San Francisco Bay Area. The Company was formed as a support organization for, and is an affiliate of, BRIDGE Housing Corporation (BRIDGE), a nonprofit corporation located in San Francisco, California. Directors and officers of BRIDGE form the board of directors of Bay Area Senior Services, Inc. All directors serve without compensation.

The Company is the lessee and operator of The Peninsula Regent (TPR), a continuing care retirement community located in San Mateo, California. The land and common area improvements of TPR are owned and were developed by BAC Associates (BAC), a California limited partnership. TPR consists of 207 individually owned residential condominium units, 20 assisted living units and supporting dining, health care and recreation facilities. TPR was placed in service in 1988.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Company uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments. The Company has adopted the applicable provisions of the *Audit and Accounting Guide for Health Care Entities* of the American Institute of Certified Public Accountants with respect to accounting for the long-term obligation to provide continuing care and the use of the facilities to current residents.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Company reports information regarding its financial position and activities according to up to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Revenue from the initial sales of leasehold condominium interests and related memberships, net of deferred project costs, was initially deferred and recognized over the 40-year lease period in which the related services were to be provided as discussed in Note 9. During 2012, the remaining deferred revenue was recognized as income since the residents' leasehold condominium interests were converted to fee simple interests.

Cash

Cash is defined as cash in demand deposit accounts and savings accounts as well as cash on hand. Certain cash is designated by management as to its use, such as refundable resident fees, replacement reserves, healthcare insurance reserves and operating reserves. The Company maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately \$6,620,000 as of December 31, 2013. The Company has not experienced any losses in such accounts.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Accounts Receivable

Management elects to record bad debts using the direct write off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write off method is not materially different from the result that would be obtained had the allowance method been followed.

Property and Equipment

Property and equipment is stated at cost of acquisition or construction. The Company is obligated to pay for major repairs and replacements of property and equipment, and accordingly, collects monthly fees from the residents. All monthly fees received from the residents which are for major repairs and replacements are recorded as revenue. Expenditures for major repairs and replacements are recorded as additions to property and equipment. Recurring repairs not of a capital or long-term nature are expensed as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The Company incurs development costs related to leasehold improvements, which are considered to be development in progress until the improvement is placed in service. Development in progress is not depreciated until the completion of development.

The useful lives of the assets are estimated as follows:

Leasehold improvements	10 to 20 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	5 years
Staging furniture (corporate)	7 years

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state taxes under the related California code sections.

The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state income tax returns for the years 2009 through 2012 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Subsequent Events

Management has evaluated subsequent events through May 1, 2014, the date on which the financial statements were available to be issued.

Reclassification

Certain amounts previously reported in the 2012 financial statements were reclassified to conform to the 2013 presentation for comparative purposes.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 – DESIGNATED REPLACEMENT RESERVES – THE PENINSULA REGENT

Designated replacement reserves consisted of interest-bearing cash balances.

Changes in the designated replacement reserves follow:

	2013	2012
Beginning balance	\$ 2,062,890	\$ 2,347,268
Interest income	356	323
Additions	662,196	630,900
	662,552	631,223
Disbursements for property and equipment	(1,123,115)	(875,601)
Disbursements for repairs and replacements	(40,000)	(40,000)
Net changes during the year	(500,563)	(284,378)
Ending balance	\$ 1,562,327	\$ 2,062,890

The Company has established replacement reserves for TPR's major repairs and replacements of building, property and equipment. An independent reserve study completed by an outside consultant in November 2009 set forth the projected cash expenditures that would be needed for major repairs and replacements for the years 2009 through 2038. It is the intent and policy of management to maintain the reserve in accordance with the funding requirements and levels set forth in the reserve study.

Replacement reserves funding is derived from a portion of the monthly service fees charged to the residents and allocated interest income. Member assessments for the designated replacement reserve and related allocated interest income are recorded as revenue. Cumulative expenditures for replacements and major repairs amounted to \$10,547,154 and \$9,424,039 through December 31, 2013 and 2012, respectively.

NOTE 4 – DESIGNATED HEALTHCARE RELATED RESERVES – THE PENINSULA REGENT

Designated healthcare-related reserves consisted of interest-bearing cash balances.

Changes in the designated healthcare-related reserves follow:

	2013	2012
Beginning balance	\$ 1,801,346	\$ 1,882,564
Interest income	248	225
Disbursements	(113,265)	(81,443)
Net changes during the year	(113,017)	(82,218)
Ending balance	\$ 1,688,329	\$ 1,801,346

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

The healthcare related reserves are intended for:

	2013	2012
Long-term insurance premium stabilization	\$ 1,240,941	\$ 1,292,888
Outside skilled nursing costs stabilization	93,094	154,411
Home health cost stabilization	354,294	354,047
	<u>\$ 1,688,329</u>	<u>\$ 1,801,346</u>

The designated healthcare-related reserves were set up to stabilize TPR's residents' future health care costs. This could include: to offset increases in the long-term care insurance premiums; to reduce the cost to provide care to residents in their condominiums; to pay for care for residents who can no longer fully cover the costs themselves; and to subsidize outside skilled nursing facilities direct costs.

The funds held in these reserves are not restricted and can be used for current operations should the need arise. A portion of the interest income earned on the funds may be retained as an addition to the reserves, if designated as such by management.

NOTE 5 – REFUNDABLE RESIDENT FEES – THE PENINSULA REGENT

Refundable resident fees consisted of interest-bearing cash balances.

Changes in the refundable resident fees follow:

	2013	2012
Beginning balance	\$ 232,615	\$ 283,696
Interest income	-	25
Refunds to former residents	(47,208)	(51,106)
Ending balance	<u>\$ 185,407</u>	<u>\$ 232,615</u>

The refundable resident fees represent the refundable deposits paid by TPR residents upon their purchase of leasehold condominium interests and continuing care memberships. When a condominium interest is transferred, the deposit is refunded to the seller. Effective in 2007, management changed the policy regarding refundable resident deposits. New purchasers now pay a nonrefundable processing fee which is recognized as revenue. The balance of refundable resident deposits will continue to decrease as purchasers under the old policy sell their units.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 – DESIGNATED OPERATING RESERVES – THE PENINSULA REGENT

Operating reserve consisted of interest-bearing cash balances.

Changes in the designated operating reserves follow:

	2013	2012
Beginning balance	\$ 1,406,304	\$ 1,264,374
Interest income	537	499
Allocation from (Utilization for) TPR operations	(25,770)	141,431
Net changes during the year	(25,233)	141,930
Ending balance	<u>\$ 1,381,071</u>	<u>\$ 1,406,304</u>

The designated operating reserves balances reflect TPR's accumulated excess of revenue over expenses as of December 31, 2013 and 2012. The reserves could be utilized if the Company experiences an unanticipated increase in the costs of future operations.

NOTE 7 – EXCHANGE OF NOTE RECEIVABLE

Effective January 1, 2012, the Company cancelled a note receivable from BAC in exchange for a fee simple interest in condominiums being transferred to members. Under the Exchange Agreement, the Company transferred the Note to BAC and reconveyed the Deed of Trust in exchange for BAC's Quitclaim Deed of their interest in the residences to each condo owner on behalf of BASS. As a result, the Company experienced a loss on exchange of note receivable of \$25,990,406.

Construction financing for TPR was arranged by BAC. The Company loaned to BAC \$50,000,000 out of the proceeds from the initial sales of memberships in TPR. The loan was secured by a first deed of trust on the project real estate and originally bore interest at 10% per annum with monthly principal and interest payments of \$429,836 over 35 years. The Company used the proceeds from this note to fund a portion of its lease payments to BAC (see Note 10). The terms of the note were renegotiated with monthly principal and interest payments changed to \$379,683 and interest lowered to 6% in 2004.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2013	2012
Artwork and artifacts	\$ 194,676	\$ 194,676
Leasehold improvements	3,703,955	3,575,398
Furnishings, fixtures and equipment	4,895,419	4,766,879
Vehicles	294,052	294,052
Construction in process	1,412,177	519,320
Staging furnishings (corporate)	-	19,727
Leasehold improvements (corporate)	-	26,712
	10,500,279	9,396,764
Less: accumulated depreciation and amortization	(6,622,289)	(6,060,988)
Less: accumulated depreciation and amortization (corporate)	-	(10,226)
	<u>\$ 3,877,990</u>	<u>\$ 3,325,550</u>

NOTE 9 – DEFERRED REVENUE – INITIAL CONDOMINIUM AND MEMBERSHIP SALES IN THE PENINSULA REGENT

Originally, residents of TPR purchased a leasehold condominium interest in TPR by entering into a membership agreement with the Company. The purchase price, plus a monthly fee, entitled the resident to occupy a residential unit, receive services, and use common areas for future periods until the resident or the resident's estate sells the membership to a third party. The membership was valid for 99 years, and the initial leasehold interest was valid for 40 years from the date of issuance. The leasehold interest of current residents was valid through 2043 (see Note 11). Total initial membership sales proceeds amounted to \$57,455,000, out of which the Company loaned \$50,000,000 to BAC (see Note 7).

Pursuant to the original membership agreement and the lease between the Company and BAC, the Company is obligated to perform certain services for the benefit of the residents of TPR throughout the life of the lease. If the Company does not renew the lease or purchase the building at the end of the lease term, BAC assumes and agrees to perform the services pursuant to the membership agreement.

The revenue from the sales of the initial memberships in 1988 and 1989, net of related deferred project costs of \$5,139,132, was deferred and amortized over the lease term.

Effective January 1, 2012 the Company canceled the Note in exchange for fee simple interest being transferred to members and recognized the remaining deferred revenue of \$22,235,229 in 2012.

NOTE 10 – OPERATING LEASES AND TRASFER FEES

The Company's original lease with BAC entitled the Company to operate and manage TPR and to sell and resell continuing care memberships in TPR. The lease terminates in 2043 and the monthly base rent was \$400,383. Effective January 1, 2012 the Company converted the leasehold condominium structure to a fee condominium structure and monthly base rent was reduced.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Upon the resale of a leasehold condominium, the Company is entitled to a transfer fee equal to 10% of the seller's purchase price, plus 75% of any realized appreciation. The Company is required to pay 75% of the transfer fees as contingent lease payments to BAC for certain common areas, through December 31, 2062. Transfer of the seller's membership occurs simultaneously with the sale of the condominium.

The lease payments are subject to the transfer of condos which is a contingency that cannot be reasonably predicted. Contingent lease expense is recorded at the time that the condo is transferred. The amount of future contingent rents is not determinable.

NOTE 11 – TRANSACTIONS WITH RELATED AND OTHER SIGNIFICANT PARTIES

Related Parties

The Company incurred expenses of \$90,145 and \$98,774 from BRIDGE for staff costs and other expenses during 2013 and 2012, respectively. Of these amounts, \$4,120 and \$14,435 were payable as of December 31, 2013 and 2012, respectively.

The Company made transfers of \$297,138 and \$250,000 to BRIDGE during 2013 and 2012, respectively.

The Company paid fees of \$122,000 and \$70,000 to a BRIDGE board member in connection with marketing services provided to during 2013 and 2012, respectively.

Other

During 2013 and 2012, there were transactions between the Company and BAC, as described in Notes 7, 9 and 10.

NOTE 12 – CONTINUING CARE DISCLOSURES

The Company has adopted the applicable accounting principles as described in the Financial Accounting Standards Board's Codification Section 954-430-35 and has considered the obligation to provide future services and use of the facilities to current residents as explained below.

Future Service and Continuing Care Contract Costs

TPR annually calculates the expected costs of future services for the next year and adjusts the monthly fees billed to residents accordingly. The non-discounted estimated costs relating to the permanent care of residents are included in the annual budget. These costs are generally offset by insurance reimbursements and the monthly fees billed to those residents requiring permanent care. The Company can adjust monthly fees at any time with 60 days written notice to the residents. Accordingly, an estimated liability for possible future care costs, including outside skilled nursing facilities and long-term care costs, is not included in the financial statements.

Some TPR residents are covered by long-term care and Medicare supplemental group insurance policies with a private carrier. The group policy is renewable annually and is non-cancelable by the insurer.

Use of Facilities Costs

The obligation to provide future use of the facilities to current residents was estimated using an average remaining life expectancy per resident of 5.8 years. The estimated average annual cost of future repairs and replacements over that time period, as projected by an independent reserve study conducted by an outside consultant in October 2013, is \$817,700. These costs are expected to be fully funded from the monthly fees paid by TPR residents (see Note 3) and interest earned on TPR designated reserves.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

AB 1169 Disclosures

Continuing care providers in the state of California are required to provide additional disclosures pursuant to Assembly Bill 1169, effective in May 2010. The required disclosures include amounts accumulated for contingencies and identified projects or purposes. TPR's accumulated cash reserves are disclosed in Notes 3 through 6. Accumulation of amounts for the purposes described in Notes 3 through 6 is permitted under TPR's nonprofit status as described in Section 501(c)(3) of the Internal Revenue Code. The purposes described in Notes 3 through 6 are consistent with the Company's tax-exempt status.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Company has an employee 403(b) plan covering eligible employees. The Company's contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions totaled \$115,841 and \$111,104 for the years ended December 31, 2013 and 2012, respectively.

NOTE 14 – CONTINGENCIES

Litigation

The Company is named in various claims and legal actions in the normal course of its activities. Based upon counsel and management's opinion, the outcome of such matters is not expected to have a material adverse effect on the Company's financial position or change in net assets.

Receivables from Residents

As a nonprofit public benefit corporation, the Company does not terminate membership agreements when residents experience financial difficulties paying their monthly fees. Instead, a reduced fee is arranged based on each resident's ability to pay, as determined by the Company. The monthly fee reduction under this arrangement is treated as a loan from the Company which is secured by the resident's interest in their condominium and is to be repaid upon sale by the resident, along with interest. It is possible that the advances could exceed the sales value of the condominium. Management believes that none of the current advances outstanding, which total \$235,226 and \$167,788 as of December 31, 2013 and 2012, respectively, exceed the sales value of the residents' condominiums.

Certain members who purchased their condominiums prior to 2007 are also entitled to remain members after the sale of their condominiums. In this case, the sales proceeds are generally held in trust and withdrawals are made to fund the monthly fees.

SUPPLEMENTARY INFORMATION

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
THE PENINSULA REGENT – SCHEDULES OF ASSETS,
LIABILITIES AND NET ASSETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash:		
Operating cash	\$ 345,576	\$ 132,885
Designated for:		
Replacement reserves	1,562,327	2,062,890
Healthcare insurance reserves	1,688,329	1,801,346
Refundable resident fees	185,407	232,615
Operating reserves	1,381,071	1,406,304
Total cash	<u>5,162,710</u>	<u>5,636,040</u>
Receivables:		
Residents	93,704	90,160
Related-party	59,740	152,765
Other	18,354	80,950
Prepaid expenses and other current assets	<u>137,900</u>	<u>182,107</u>
Total current assets	<u>5,472,408</u>	<u>6,142,022</u>
Receivables from residents – long-term	235,226	167,788
Property and equipment – net	<u>3,877,990</u>	<u>3,289,337</u>
Total noncurrent assets	<u>4,113,216</u>	<u>3,457,125</u>
Total assets	<u><u>\$ 9,585,624</u></u>	<u><u>\$ 9,599,147</u></u>

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 THE PENINSULA REGENT – SCHEDULES OF ASSETS,
 LIABILITIES AND NET ASSETS
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 267,436	\$ 180,882
Accrued payroll and related expenses	157,236	133,827
Related-party payable	<u>1,697</u>	<u>1,297</u>
Total current liabilities	426,369	316,006
Refundable resident fees	<u>188,533</u>	<u>232,615</u>
Total liabilities	<u>614,902</u>	<u>548,621</u>
Net assets:		
Unrestricted net assets	8,964,033	9,044,855
Temporarily restricted	<u>6,689</u>	<u>5,672</u>
Total net assets	<u>8,970,722</u>	<u>9,050,526</u>
Total liabilities and net assets	<u><u>\$ 9,585,624</u></u>	<u><u>\$ 9,599,147</u></u>

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
THE PENINSULA REGENT – SCHEDULES OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 10,697,989	\$ -	\$ 10,697,989
Investment and interest income	12,921	-	12,921
Contributions	-	148,716	148,716
Net assets released from restrictions	147,699	(147,699)	-
Total support and revenue	10,858,609	1,017	10,859,626
Expenses:			
Taxes, utilities and insurance	842,072	-	842,072
Food services	2,442,836	-	2,442,836
Health services	1,009,710	-	1,009,710
Purchased care services	357,641	-	357,641
Medical insurance premiums	558,446	-	558,446
Housekeeping	824,551	-	824,551
Activities, security, laundry and reception	879,302	-	879,302
General and administrative, general services and marketing	1,866,377	-	1,866,377
Repairs and maintenance	1,086,918	-	1,086,918
Homeowners' association dues	74,520	-	74,520
Management fees	50,004	-	50,004
Sustaining fees	385,752	-	385,752
Depreciation and amortization	561,301	-	561,301
Total expenses	10,939,430	-	10,939,430
Increase in net assets	\$ (80,821)	\$ 1,017	\$ (79,804)
Increase in net assets	\$ (80,821)	\$ 1,017	\$ (79,804)
Add back depreciation and amortization-non-cash items	561,301	-	561,301
Excess of revenue over expenses before designated utilization (allocation)	480,480	1,017	481,497
Designated utilization (allocation) (Notes 3, 4, 6):			
Deposits to temporary restricted net assets	-	(1,017)	(1,017)
Deposits to replacement reserve	(662,196)	-	(662,196)
Utilization of replacement reserve	40,000	-	40,000
Utilization of healthcare insurance reserves	113,265	-	113,265
Deposit interest to reserve funds	(1,141)	-	(1,141)
Utilization of operating reserve	25,770	-	25,770
Excess (deficiency) of revenue over expenses	\$ (3,822)	\$ -	\$ (3,822)

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
THE PENINSULA REGENT – SCHEDULES OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2012		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 10,544,218	\$ -	\$ 10,544,218
Investment and interest income	7,060	98	7,158
Contributions	-	133,703	133,703
Net assets released from restrictions	128,129	(128,129)	-
Total support and revenue	10,679,407	5,672	10,685,079
Expenses:			
Taxes, utilities and insurance	847,628	-	847,628
Food services	2,294,938	-	2,294,938
Health services	956,663	-	956,663
Purchased care services	471,417	-	471,417
Medical insurance premiums	530,507	-	530,507
Housekeeping	798,965	-	798,965
Activities, security, laundry and reception	824,266	-	824,266
General and administrative, general services and marketing	1,731,098	-	1,731,098
Repairs and maintenance	1,074,070	-	1,074,070
Homeowners' association dues	74,520	-	74,520
Management fees	50,004	-	50,004
Sustaining fees	377,434	-	377,434
Depreciation and amortization	542,828	-	542,828
Total expenses	10,574,338	-	10,574,338
Increase in net assets	\$ 105,069	\$ 5,672	\$ 110,741
Increase in net assets	\$ 105,069	\$ 5,672	\$ 110,741
Add back depreciation and amortization-non-cash items	542,828	-	542,828
Excess of revenue over expenses before designated utilization (allocation)	647,897	5,672	653,569
Designated utilization (allocation) (Notes 3, 4, 6):			
Deposits to temporary restricted net assets	-	(5,672)	(5,672)
Deposits to replacement reserve	(630,900)	-	(630,900)
Utilization of replacement reserve	40,000	-	40,000
Utilization of healthcare insurance reserves	81,443	-	81,443
Deposit interest to reserve funds	(1,047)	-	(1,047)
Allocations to operating reserve	(141,431)	-	(141,431)
Excess (deficiency) of revenue over expenses	\$ (4,038)	\$ -	\$ (4,038)

BAY AREA SENIOR SERVICES, INC.

(A California Nonprofit Public Benefit Corporation)

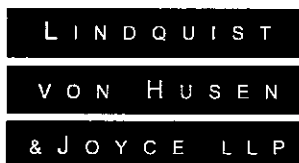
**RESERVE REPORTS FILED WITH
THE STATE OF CALIFORNIA
DEPARTMENT OF SOCIAL SERVICES
CONTINUING CARE CONTRACTS BRANCH
AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2013**

BAY AREA SENIOR SERVICES, INC.
(A Nonprofit Public Benefit Corporation)
RESERVE REPORTS FILED WITH THE STATE OF CALIFORNIA
DEPARTMENT OF SOCIAL SERVICES
CONTINUING CARE CONTRACTS BRANCH
YEAR ENDED DECEMBER 31, 2013

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* * * *



JAMES M. KRAFT
S. SCOTT SEAMANDS
MARK O. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

Board of Directors
Bay Area Senior Services, Inc.
San Francisco, California

INDEPENDENT AUDITOR'S REPORT

Report on the Continuing Care Reserve Reports

We have audited the accompanying continuing care reserve reports (Reports) of Bay Area Senior Services, Inc. (the Company) as of December 31, 2013.

Management's Responsibility

These Reports are the responsibility of the Company's management.

Auditor's Responsibility

Our responsibility is to express an opinion on these Reports based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reports are free of material misstatement.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Bay Area Senior Services, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Reports, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Reports. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Reports were prepared for the purpose of complying with California Health and Safety Code Section 1792 and are not intended to be a complete presentation of the Company's assets, liabilities, revenues and expenses.

Opinion

In our opinion, based on our audit, the accompanying Reports present fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2013, in conformity with the report preparation provisions of California Health and Safety Code section 1792.

Emphasis of Matter

This report is intended solely for the use of the Company and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Lindquist, von Husen and Joyce LLP

May 1, 2014

FORM 5-1
LONG-TERM DEBT INCURRED
IN PRIOR FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$0	\$0	\$0

*(Transfer this amount to
Form 5-3, Line 1)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Bay Area Senior Services, Inc

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

*(Transfer this amount to
Form 5-3, Line 2)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: Bay Area Senior Services, Inc

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$0
2	Total from Form 5-2 bottom of Column (e)	\$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$2,400,855
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$2,400,855

PROVIDER: Bay Area Senior Services, Inc

Calculation of Long-Term Debt Reserve Amount – Form 5-3
Reconciliation to 2013 Audited Financial Statements

<u>Total Lease Expense:</u>	<u>2013</u>
The Peninsula Regent	
Sustaining Fee ⁽¹⁾	\$ 385,752
BASS – Corporate	
Rent (see calculation below) ⁽²⁾	<u>2,015,103</u>
Total Lease Expense (Line 3)	<u>\$ 2,400,855</u>
Transfer Fee Revenue ⁽³⁾	\$ 2,686,804
Net Transfer Fee Revenue – 25% of transfer fee revenue ⁽³⁾	<u>(671,701)</u>
Total Rent Expense	<u>\$ 2,015,103</u>

(1) Please refer to the Supplementary Information – Schedule of Revenue, Expenses and Change in Net Assets

(2) Please refer to the Statement of Functional Expenses

(3) Please refer to the Statement of Activities and Note 10

FORM 5-4
CALCULATION OF NET OPERATING EXPENSE

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$10,553,678</u>
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	<u>\$0</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>	
c.	Depreciation	<u>\$561,301</u>	
d.	Amortization	<u>\$0</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$45,600</u>	
f.	Extraordinary expenses approved by the Department	<u>\$0</u>	
3	Total Deductions		<u>\$606,901</u>
4	Net Operating Expenses		<u>\$9,946,777</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$27,251</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>\$2,043,858</u></u>

PROVIDER: Bay Area Senior Services, Inc

COMMUNITY: The Peninsula Regent

Calculation of Net Operating Expenses – Form 5-4
Reconciliation to 2013 Audited Financial Statements

<u>Support and Revenue for TPR:</u>	2013
Resident fees and services	\$10,437,087
Services to guests of residents (Form 5-4 Line 2c)	45,600
Services not covered by monthly service fees	140,782
Homeowners' association dues	74,520
Subtotal	10,697,989
Investment and interest income ⁽¹⁾	12,921
Contributions	148,716
Total Support and Revenue for TPR ⁽¹⁾	10,859,626
<u>Adjustments for Corporate Revenue:</u>	
Increase in A/R ⁽⁴⁾	(20,206)
Decrease in refundable resident fees ⁽⁵⁾	(44,082)
Intercompany empty residence fee (eliminated)	(9,150)
Transfer fee revenue ⁽³⁾	2,686,804
Subtotal	2,613,366
Total reported on the Statement of Cash Flows	\$13,472,992
<u>Expenses for TPR:</u>	
Resident services	\$ 6,197,010
General and administrative ⁽¹⁾	1,866,377
Taxes, utilities and insurance ⁽¹⁾	842,072
Repairs and maintenance ⁽¹⁾	1,086,918
Depreciation (Form 5-4 Line 2c) ⁽¹⁾	561,301
Operating Expenses (Form 5-4 Line 1)	10,553,678
Sustaining fees (lease) ⁽¹⁾	385,752
Total Expenses for TPR ⁽¹⁾	10,939,430
<u>Adjustments for Corporate Expenses:</u>	
Rent expense – 75% of transfer fee revenue (Form 5-3) ⁽²⁾	2,015,103
Intercompany Management Fee (eliminated)	(50,004)
Depreciation allocation	(36,213)
Intercompany fee (eliminated)	(9,150)
Gain on sale of property	(21,433)
Transfer to BRIDGE	297,138
Allocated Corporate Overhead	20,077
Subtotal	2,215,518
Total TPR Expenses reported on the Statement of Functional Expenses	\$13,154,948

(1) Please refer to the Supplementary Information – Schedule of Revenue, Expenses and Change in Net Assets

(2) Please refer to the Statement of Activities and Note 10

(3) Please refer to Statement of Activities and Note 10

(4) Please refer to Statement of Financial Position

(5) Please refer to Statement of Financial Position and Note 5

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Bay Area Senior Services, Inc
Fiscal Year Ended: 12/31/2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2013 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	<u>\$2,400,855</u>
[2] Operating Expense Reserve Amount	<u>\$2,043,858</u>
[3] Total Liquid Reserve Amount:	<u>\$4,444,713</u>

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	<u>\$1,615,992</u>	<u>\$4,977,303</u>
[5] Investment Securities	<u>\$0</u>	<u>\$0</u>
[6] Equity Securities	<u>\$0</u>	<u>\$0</u>
[7] Unused/Available Lines of Credit	<u>\$0</u>	<u>\$0</u>
[8] Unused/Available Letters of Credit	<u>\$0</u>	<u>\$0</u>
[9] Debt Service Reserve	<u>\$0</u>	(not applicable)
[10] Other:	<u>\$2,015,103</u>	
Transfer Fees		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	<u>\$3,631,095</u> [12]	<u>\$4,977,303</u>
Reserve Obligation Amount: [13]	<u>\$2,400,855</u> [14]	<u>\$2,043,858</u>
Surplus/(Deficiency): [15]	<u>\$1,230,240</u> [16]	<u>\$2,933,445</u>

Signature: 

(Authorized Representative)

Director of Business Services
(Title)

Date: 5/30/14

Annual Reserve Determination – Form 5-5
Reconciliation to 2013 Audited Financial Statements

Lines [4] and [10] Cash and cash equivalents and Other are detailed as follows:

Line [4] Cash and cash equivalents –

Supplementary Information – Schedule of Assets, Liabilities and Net Assets:

	2013
Operating cash	\$ 345,576
Replacement reserve	1,562,327
Healthcare insurance reserves	1,688,329
Operating reserve	<u>1,381,071</u>
Total cash and cash equivalents for operating reserve	<u>\$ 4,977,303</u>

Statement of Financial Position:

Operating cash	\$ 1,961,568
Less operating cash for TPR	<u>(345,576)</u>
Total cash and cash equivalents for debt service reserve	<u>\$ 1,615,992</u>

Line [10] Other –

Debt Service Reserve:

Transfer fee revenue ⁽¹⁾	<u>\$ 2,015,103</u>
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Total debt service reserve (Line 10)	<u>\$ 2,015,103</u>
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⁽¹⁾ Please refer to the calculation disclosed in the Attachment to Form 5-3

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 3/5/14

FACILITY NAME: The Peninsula Regent

ADDRESS: 1 Baldwin Ave. San Mateo, CA

ZIP CODE: 94401

PHONE: 650-579-5500

PROVIDER NAME: Bay Area Senior Services, Inc.

FACILITY OPERATOR: Bay Area Senior Services, Inc.

RELATED FACILITIES: None

RELIGIOUS AFFILIATION: None

YEAR OPENED: 88

OF ACRES: 2

☐ SINGLE STORY

☒ MULTI-STORY

☐ OTHER: _____

MILES TO SHOPPING CTR: 2.5

MILES TO HOSPITAL: 4

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 0

APARTMENTS — 1 BDRM: 99

APARTMENTS — 2 BDRM: 108

COTTAGES/HOUSES: 0

RLU OCCUPANCY (%) AT YEAR END: 97.00

HEALTH CARE

ASSISTED LIVING: 20

SKILLED NURSING: 0

SPECIAL CARE: 0

DESCRIBE SPECIAL CARE: _____ N/A

TYPE OF OWNERSHIP:

☒ NOT-FOR-PROFIT

☐ FOR-PROFIT

ACCREDITED?: ☐ YES ☒ NO BY: _____

FORM OF CONTRACT:

☒ CONTINUING CARE

☐ LIFE CARE

☐ ENTRANCE FEE

☐ FEE FOR SERVICE

(Check all that apply)

☐ ASSIGNMENT OF ASSETS

☒ EQUITY

☐ MEMBERSHIP

☐ RENTAL

REFUND PROVISIONS: (Check all that apply) ☐ 90% ☐ 75% ☐ 50% ☐ PRORATED TO 0% ☐ OTHER: MARKET

RANGE OF ENTRANCE FEES: \$ 0 TO \$ 0

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: ACCESS TO ASSISTED LIVING UNITS AND HOME CARE VISITS

ENTRY REQUIREMENTS: MIN. AGE: 60

PRIOR PROFESSION: N/A

OTHER: N/A

RESIDENT REPRESENTATIVE TO THE BOARD (briefly describe their involvement): SELECTED BY THE RESIDENTS, SERVES A 3 YEAR TERM, PARTICIPATES IN ALL COMMUNITY LEADERSHIP MEETINGS

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>1</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Bay Area Senior Services, Inc.

<u>CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
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THE PENINSULA REGENT	SAN MATEO, CA	650-579-5500

MULTI-LEVEL RETIREMENT COMMUNITIES

NONE		

FREE-STANDING SKILLED NURSING

NONE		

SUBSIDIZED SENIOR HOUSING

NONE		

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Bay Area Senior Services, Inc.

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$10,079,209	\$10,069,379	\$10,685,079	\$10,850,476
LESS OPERATING EXPENSES (excluding depreciation, amortization, and interest)	\$9,518,048	\$9,566,062	\$10,031,510	\$10,378,129
NET INCOME FROM OPERATIONS	\$561,161	\$503,353	\$653,569	\$472,347
LESS INTEREST EXPENSE	\$0	\$0	\$0	\$0
PLUS CONTRIBUTIONS	\$0	\$0	\$0	\$0
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	\$0	\$0	\$0	\$0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$561,161	\$503,353	\$653,569	\$472,347
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	\$0	\$0	\$0	\$0

DESCRIPTION OF SECURED DEBT (AS OF MOST RECENT FISCAL YEAR END)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
NONE					

FINANCIAL RATIOS

(see next page for ratio formulas)

2012 CCAC Medians
50th Percentile
(optional)

		2011	2012	2013
DEBT TO ASSET RATIO				
OPERATING RATIO		1.0	0.9	1.0
DEBT SERVICE COVERAGE RATIO				
DAYS CASH-ON-HAND RATIO		229	205	182

HISTORICAL MONTHLY SERVICE FEES

(AVERAGE FEE AND PERCENT CHANGE)

	2010	%	2011	%	2012	%	2013
STUDIO							
ONE BEDROOM	\$2,600	1.5	\$2,639	3.9	\$2,742	3.5	\$2,838
TWO BEDROOM	\$3,347	1.5	\$3,397	3.9	\$3,530	3.5	\$3,654
COTTAGE/HOUSE							
ASSISTED LIVING	\$3,316	1.5	\$3,366	3.9	\$3,497	3.5	\$3,620
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER:

THERE ARE 8 DIFFERENT FLOOR PLANS WITH 4 MONTHLY FEE CATEGORIES. THE AVERAGE RATES SHOWN HERE EXCLUDE THE COST OF OPTIONAL LONG TERM CARE INSURANCE AND OPTIONAL MEDICARE SUPPLEMENTAL INSURANCE PROGRAMS.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{ Depreciation Expense} \\ - \text{ Amortization Expense} \end{array}}{\begin{array}{l} \text{Total Operating Revenues} \\ - \text{ Amortization of Deferred Revenue} \end{array}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{ Interest, Depreciation,} \\ \text{and Amortization Expenses} \\ - \text{ Amortization of Deferred Revenue} \\ + \text{ Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{ Unrestricted Non-Current Cash \& Investments} \end{array}}{\begin{array}{l} \text{(Operating Expenses} \\ - \text{ Depreciation — Amortization)/365} \end{array}}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,554-\$3,930	\$3,620	N/A
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.5%	3.5%	

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: 1/1/2013
 (If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Bay Area Senior Services, Inc.

COMMUNITY: The Peninsula Regent



THE PENINSULA REGENT

November 1, 2012

Dear Member:

BASS and members agree that we should set rates at the level consistent with providing superior services. We undertook a careful process that involved the TPR management team, Bay Area Senior Services, BAC Associates, your Continuing Care Council and its Finance Committee and suggestions from your fellow members. To achieve superior services for 2013 and balance the operating budget, there will be a 3.5% increase in the base monthly fee.

Optional specific services not utilized by all members will continue to be subject to a separate fee rather than made a part of the monthly fee. Those services and fees are detailed in the attached Membership Agreement Exhibit B, Incidental Charges. Most of these charges are unchanged from 2012.

Approximately half of the proposed 2013 rate increase is committed to the additional staffing and wage increases associated with providing these superior services. All changes in individual compensation are based on merit and the need to maintain or bring wages in alignment with industry standards.

This budget also fully funds the reserve for capital improvements and equipment, consistent with the formal Replacement Reserve Study. The balance of the increase is necessary to meet the anticipated costs of insurance, utilities, food, supplies and repairs and maintenance of our building and grounds.

Enclosed with this letter are the specific elements which make up your bill for your condo. Note that the only elements which have increased are the Service Fee and Long Term Care Insurance premium. The Leasehold Payment, the Homeowners' Association Dues, and the Medicare Supplemental premium (if applicable) remain the same. This means your total actual out-of-pocket cost may change by other than 3.5%.

Also enclosed with this letter is a report showing a five year history of the monthly fees.

Please contact me if you have questions or if you would like to discuss your specific circumstances.

Thank you.

Marianne Nannestad
Executive Director

Incidental Charges 2013 Membership Agreement Exhibit B



Dining Services

<u>Meals</u>	<u>Member</u>	<u>Guest*</u>	<u>Child*(>7-12)</u>
Breakfast	\$ 8.25	\$ 10.25	\$ 5.00
Lunch	\$ 12.75	\$ 17.25	\$ 8.50
Dinner	\$ 16.50	\$ 21.50	\$ 10.75
Sunday Brunch, Holiday Meals & BBQ's	\$ 18.00	\$ 28.25	\$ 14.00
Room Service Charge - per person/per meal	\$ 5.00	\$ 5.00	\$ 5.00
Member Special Events		\$ 46.25	\$ 23.00
Monthly Fee - Additional Meal Daily	\$ 225.00		
Meal Credit for consecutive absence longer than 14 days (per week retroactive to 1st day)	\$ 60.00		
Wine by the glass	\$ 3.00*	\$ 3.00*	
Wine by the bottle	\$ 7.00*	\$ 7.00*	
Soup to go (per pint)	\$ 3.00*	\$ 3.00*	
Catering services	Quoted Per Event		
Server (per hour)	\$ 27.00		
Chef, Carver, Bartender (per hour/per person)	\$ 38.00		
*Sales tax added except for Member meals			

Building Services

Additional Parking per month (for eligible residents, when available)	Single \$ 50.00	Tandem \$ 35.00
Additional Storage Locker (per month, upon availability)	\$ 25.00	
Housekeeping rates charged per hour	\$ 27.00	
Maintenance rates charged per hour (charged in 15 min. increments, after 1st 15 minutes)	\$ 30.00	
Any materials purchased on behalf of the Member will be billed to the Member's monthly bill at TPR's cost.		
Pull Cord Conversion Kit (parts & installation)	\$ 150.00	
Replacement Pendant	\$ 50.00	
Monthly Fee for Extra Linens	\$ 20.00	

Resident Services

Access Card Replacement	\$ 15.00	
Additional mailbox key	\$ 2.50	
Additional condo key	\$ 7.50	
Copies or incoming fax (per page)	\$ 0.10	
To Send a Fax (per page)	\$ 1.00	
Roll Away Bed (each three day period)	\$ 25.00	
Roll Away Linen Service (per service)	\$ 10.00	
Guest Room	per day \$ 80.00	plus tax
Late Cancellation Fee (less than 48 hours)	\$ 50.00	
Failure to return the key	\$ 50.00	



Incidental Charges 2013 Membership Agreement Exhibit B

Transportation & Programs

Bus/Vehicle Rental upon availability of TPR vehicle/driver (per hour with 4 hour minimum)	\$ 100.00
Drivers on Demand, Chauffer (min. 2 hrs)	Members Vehicle \$ 35.00 per hour
(screened and bonded)	TPR Vehicle \$ 45.00 per hour
	Billed Directly by Provider
Tickets and items purchased as a service to members	Cost
Cancellation Fee, less than 72 hours notice	\$ 20.00

Health & Wellness Services

Private Duty Services Provided by Outside Agency	Billed Directly by Provider
Prothrombin Time Test	\$ 6.00
TPR Administrative Fee for Non-Agency Caregiver (per month per member)	\$ 50.00

Services Provided by our Staff in your Condominium

Care Staff Charges Per Hour (after annual benefit allowance) (charged in 15 min. increments)	\$ 40.00
--	----------

Services Provided in Assisted Living

Additional Meals (during temporary stay)	\$ 21.00 per day
Temporary Residence and Care Fee (after 30 day temporary annual allowance)	\$ 180.00 per day
Other Assisted Living Facility (after 30 day annual allowance)	Billed Directly by Provider
Skilled Nursing Facility	Billed Directly by Provider
Assisted Member Fee (when eligible) *	\$ 3,620 per month
RCFE Residence and Care Fee *	\$ 3,700 - \$6,000 per month

* Selection based on specific membership agreement

Beauty Salon

Shampoo Only	\$ 15.00	Hair Cut - Men & Women	\$ 30.00
Shampoo & Set	\$ 28.00	Blow Dry	\$ 28.00
Conditioner	\$ 10.00	Comb Out	\$ 17.00
Color Rinse	\$ 5.00	Perms	\$ 95.00
Tinting	\$ 35.00		

Appointments not cancelled 24-hours in-advance will be charged for the scheduled services.



5 Year Rate History

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Base Monthly Fee					
A	2,277	2,340	2,375	2,468	2,554
B/C	2,626	2,698	2,738	2,845	2,945
D/E	3,081	3,166	3,213	3,339	3,456
F/G/H	3,504	3,600	3,654	3,797	3,930
2nd Person	1,313	1,349	1,369	1,423	1,473
Assisted Membership	3,227	3,316	3,366	3,497	3,620
HOA Dues	25	30	30	30	30
Change from Previous Year					
A	2.8%	2.8%	1.5%	3.9%	3.5%
B/C	2.8%	2.7%	1.5%	3.9%	3.5%
D/E	2.8%	2.8%	1.5%	3.9%	3.5%
F/G/H	2.8%	2.7%	1.5%	3.9%	3.5%
2nd Person	2.8%	2.7%	1.5%	3.9%	3.5%
Assisted Membership	2.8%	2.8%	1.5%	3.9%	3.5%
HOA Dues	0.0%	20.0%	0.0%	0.0%	0.0%
Cumulative Average Rate Change					2.89%
Voluntary Group Insurance Premiums					
Medicare Supplemental (closed to new enrollments)	271	271	271	271	271
Long Term Care	195	195	195	195	273
Fixed Leasehold Payment (also called Sustaining Fee)					
	100-150	100-150	100-150	100-150	100-150
(set on move-in, remains constant through-out occupancy, per person)					